



Mortgage Loan Programs
Fannie Mae HFA Preferred™/Upfront Paid
Mortgage Insurance (UPMI) Product Description
Combine with Start Up or Step Up

Fannie Mae’s HFA Preferred™ conventional product allows 97% loan-to-value (LTV) ratios with low mortgage insurance coverage requirements. This product description summarizes Minnesota Housing guidelines, and Fannie Mae and U.S. Bank overlays required for loan eligibility. Lenders are also responsible for meeting all program guidelines ([Start Up](#) or [Step Up](#)), underlying product guidelines (Fannie Mae HomeReady™) and U.S. Bank overlays.

PARAMETERS	HFA PREFERRED™ REQUIREMENTS			
Eligible Minnesota Housing Programs	HFA Preferred™ can only be accessed through Start Up or Step Up .			
Loan Terms	<ul style="list-style-type: none"> Fully-amortizing 30-year term Fixed Rate 	<ul style="list-style-type: none"> Purchase Refinance option with Step Up 		
Eligible Occupancy	Owner-occupied			
Mortgage Insurance	LTV and MI Coverage Percentage			
	> 95% and ≤ 97%	> 90% and ≤ 95%	> 85% and ≤ 90%	> 80% and ≤ 85%
	18%	16%	12%	6%
Eligible Property Types	<ul style="list-style-type: none"> One unit, single-family Duplex Community land trust (CLT) 	<ul style="list-style-type: none"> Condo / Townhouse / Unit within a PUD Modular home Manufactured home taxed as real property 		
Ineligible Property Types	Co-ops, Triplexes, Fourplexes			
Income Requirements	Minnesota Housing’s Start Up / Step Up income limits			
Minimum Credit/Maximum DTI	Credit and DTI Matrix			
Maximum LTV/CLTV	<ul style="list-style-type: none"> One-unit: 97% / 105% Two-unit: 95% /105% Manufactured housing: 95% / 105% 			
Desktop Underwriter® (DU®)	<ul style="list-style-type: none"> HFA Preferred™ is available through DU® using the "Additional Data" screen; select "HFA Preferred." DU® recommendation of “Approve/Eligible” is acceptable. DU® recommendation “Refer Eligible” or “Refer with Caution” requires manual underwriting. 			
Loan Product AdvisorSM	<ul style="list-style-type: none"> You must receive an LPASM recommendation of “Risk Class Accept.” You may underwrite to HFA income limits. 			
Non-Traditional Credit	<ul style="list-style-type: none"> Maximum 36% DTI Minimum two months PITIA reserves after closing (or per Fannie Mae HomeReady™ guidelines if more restrictive) Defer to Fannie Mae HomeReady™ guidelines 			
Minimum Borrower Contribution	<ul style="list-style-type: none"> One-unit: \$1,000 or 1% of the purchase price, whichever is less, if receiving Minnesota Housing downpayment and closing cost loan Two-unit: 3% of the purchase price 			
Downpayment and Closing Cost Loans	Refer to Start Up and Step Up program descriptions			
Homebuyer Education	If all borrowers are first-time homebuyers, at least one borrower must complete an approved homebuyer education course prior to closing.			
Landlord Education	Landlord education is required for duplex purchase transactions that exceed the LTV required by the Fannie Mae Selling Guide Eligibility Matrix.			

PARAMETERS	HFA PREFERRED™ REQUIREMENTS
Manual Underwriting	LTV ≤ 95%
	<ul style="list-style-type: none"> • DU® manual underwriting allowed. Lender may manually underwrite even if mortgage was previously submitted to DU®. • Maximum 36% DTI • Minimum two months PITI (and association dues, if applicable) reserves after closing (or per Fannie Mae HomeReady™ guidelines, if greater) • See Fannie Mae’s HomeReady™ Product Matrix for manual underwriting. • Maximum CLTV remains at 105% as long as the secondary financing is an approved Community Seconds® loan. • Credit and DTI Matrix
	LTV > 95 up to ≤ 97%
	Not allowed
Reserves	AUS-underwrite: Defer to Fannie Mae HomeReady™ guidelines. Manual underwrite: See Manual Underwriting section above.
Interested Party Contributions	Defer to Fannie Mae HomeReady™ guidelines
Special Feature Code (SFC)/ Offering Identifier	<ul style="list-style-type: none"> • DU® SFC 741 • LPA™ Offering Identifier 251 or choose “Home Possible Advantage for HFAs (eligible users only)” from drop-down menu
Underwriting Guidelines	<ul style="list-style-type: none"> • Unless otherwise stated in this product description or U.S. Bank HFA Division overlays, refer to Fannie Mae’s HomeReady™ guidelines. • Where the HFA Preferred™ guidelines conflict with HomeReady™ guidelines, follow the guidelines in this product description.
Fannie Mae Delivery Fee	Zero
LLPA	Zero LLPA (Loan Level Price Adjustment)
PARAMETERS	UPFRONT PAID MORTGAGE INSURANCE (UPMI) REQUIREMENTS
Product Guidelines	Refer to the HFA Preferred™ product guidelines above.
Minimum Credit Score	Credit and DTI Matrix
Eligible Properties	Single-family, PUD, townhome, condo, duplex, manufactured home, modular
Ineligible Properties	Co-ops, CLT
Minnesota Housing Commitment System	<ul style="list-style-type: none"> • Under “description,” choose the intended “Fannie/Freddie Upfront Paid MI” option • In the “Other” tab, choose “Fannie” from the drop-down menu
Special Feature Code (SFC)/Offering Identifier	See above
Service Release Premium (SRP)	Unused UPMI SRP must be credited to the borrower for closing costs. See Examples.